

14/11/2000

VALUATION OF NtO at the beginning of 2000

market share 1,0% - price per click 0,6\$ - wacc 20%

Scenario A

Market assumptions

Customer base in 2000 200,000,000 internet user connexions
Future Market Growth 20% for the following 5 years

Other assumptions

NtO market share for 2001 1.0% user base can be obtained through an alliance
Market share growth 20% per year for the first 5 years
avg. hourly exposure per day 0.5 no change in future habits is assumed
avg # of ads per hour 6 no change in future habits is assumed
Price for a click-through 0.6
Commission on a click-through 50.0%
Revenue for a click-through 0.30 = price of a click-through x commission

Cost of goods sold 5% of revenues
Marketing expenses 10% of revenues
Selling expenses 20% of revenues
G&A expenses 5% of revenues
Hardware & Software costs 6,000,000 depreciated equally in 5 years

Corporate taxes 40%
WACC 20%

CV = FCF(2005) / WACC conservative scenario for a fast growing market

	2001	2002	2003	2004	2005	CV
Customer base	200,000,000	240,000,000	288,000,000	345,600,000	414,720,000	
Market share	1.0%	1.2%	1.4%	1.7%	2.1%	
Registered users to NtO	2,000,000	2,880,000	4,147,200	5,971,968	8,599,634	
avg. hourly exposure per day	0.5	0.5	0.5	0.5	0.5	
avg # of ads per hour	6	6	6	6	6	
Click-through per day	6,000,000	8,640,000	12,441,600	17,915,904	25,798,902	
Click-through per month	180,000,000	259,200,000	373,248,000	537,477,120	773,967,053	
Click-through per year	2,190,000,000	3,153,600,000	4,541,184,000	6,539,304,960	9,416,599,142	
Price for a click-through	0.6	0.6	0.6	0.6	0.6	
Commission on a click-through	50.0%	50.0%	50.0%	50.0%	50.0%	
Revenue for a click-through	0.30	0.30	0.30	0.30	0.30	
Revenues per month	54,000,000	77,760,000	111,974,400	161,243,136	232,190,116	
Revenues per year	657,000,000	946,080,000	1,362,355,200	1,961,791,488	2,824,979,743	
Ad Turnover per year	1,314,000,000	1,892,160,000	2,724,710,400	3,923,562,976	5,643,839,400	
Total Online ad per year	9,500,000,000	13,500,000,000	17,500,000,000	21,000,000,000	24,000,000,000	
20% of total Online ad	13.8%	14.0%	15.0%	16.7%	23.5%	
Cost of goods sold	32,850,000	47,304,000	68,117,760	98,089,574	141,248,987	
Marketing expenses	65,700,000	94,608,000	136,235,520	196,179,149	282,497,974	
Selling expenses	131,400,000	189,216,000	272,471,040	392,358,298	564,995,949	
G&A expenses	32,850,000	47,304,000	68,117,760	98,089,574	141,248,987	
Depreciation expense	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
Expenses per year	263,800,000	379,432,000	545,942,080	785,716,595	1,130,991,897	
EBIT	393,200,000	566,648,000	816,413,120	1,176,074,893	1,693,987,846	
Taxes on EBIT	157,280,000	226,659,200	326,565,248	470,429,957	677,595,138	
NOPLAT	235,920,000	339,988,800	489,847,872	705,644,936	1,016,392,707	
plus:						
depreciation expense	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
CAPEX						
FCF	236,920,000	340,988,800	490,847,872	706,644,936	1,017,392,707	5,086,963,537
NPV(FCF)	197,433,333	236,797,778	284,055,481	340,781,701	408,867,311	2,044,336,555
NPV(FCF)	3,512,272,160					
+cash & cash equivalents						
-debt	-5,000,000					
Value of the company (\$)	3,507,272,160					
Total FCF	7,874,757,852					

Survey in 1999

Click-through/impression rate 1.9% (optimistic value)
Price for 1000 impressions 3.0 \$ and going down
Price for a click-through 3.0 \$ if both of the above go down, that should stay approximately the same

DoubleClick in 2000

Impressions per month 10,000,000,000
Click-throughs per month 300,000,000
Annual revenues 300,000,000 \$
Revenue for a click-through 0.07 \$
Commission on a click-through 2.3% assumption
Price for a click-through 3.0 \$ directly comparable to the survey, should stay the same or even increase